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Town of Cottonport

**Financial Statements
For the Year Ended**

June 30, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11.5.03

DUCOTE & COMPANY
Certified Public Accountants
219 North Washington Street
P. O. Box 309
Marksville, LA 71351

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INDEPENDENT AUDITORS' REPORT

The Honorable Cleveland J. Carmouche, Mayor
And Members of the Council
Town of Cottonport, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Cottonport, Louisiana, as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Cottonport, Louisiana, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 25, 2003 on our consideration of the Town of Cottonport, Louisiana's internal control over financial reporting and our tests on its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying summary financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Town of Cottonport, Louisiana. Such information has been subjected to auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Ducote & Company
DUCOTE & COMPANY

Marksville, Louisiana
September 25, 2003

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Cleveland Carmouche, Mayor
And the Members of the Council
Town of Cottonport, Louisiana

We have audited the general purpose financial statements of the Town of Cottonport, Louisiana, for the year ended June 30, 2003, and have issued our report thereon dated September 25, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

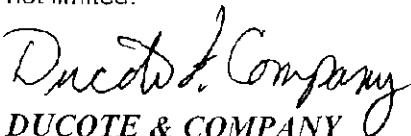
Compliance

As part of obtaining reasonable assurance about whether Town of Cottonport, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Cottonport, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk of misstatements in amounts that would be material in relation to the general purpose financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Town of Cottonport, Louisiana in a separate letter dated September 25, 2003.

This report is intended for the information and use of the Mayor and Members of the Council and management of the Town of Cottonport, Louisiana, federal awarding agencies, and for filing with the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified users. However, this report is a matter of public record and its distribution is not limited.


DUCOTE & COMPANY

Marksville, Louisiana
September 25, 2003

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS – OVERVIEW)**

TOWN OF COTTONPORT, LOUISIANA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2003

	Governmental Fund Types				Proprietary Fund Type				Account Groups				Totals
	Special Revenue		Debt Service		Capital Projects	Fund Type	Fiduciary Fund Type	General		Long-Term		Memorandum Only	
	General	Revenue	Debt	Service	Projects	Enterprise	Agency	Assets	Fixed	Debt			
	\$202,048	\$121,497	\$5,670	\$98	\$217,601	\$6,521	\$0	\$0			\$0	\$553,434	
Cash and interest-bearing deposits													
Receivables:													
Taxes	0	11,309	0	0	0	0	0	0	0	0	0	11,309	
Accounts	0	0	0	0	53,681	0	0	0	0	0	0	53,681	
Due from other funds	0	0	0	0	0	278	0	0	0	0	0	278	
Due from other governmental agencies	22,047	0	0	0	0	0	0	0	0	0	0	22,047	
Accrued interest	288	228	0	0	1,366	0	0	0	0	0	0	1,882	
Other	18,821	0	0	0	358	0	0	0	0	0	0	19,179	
Restricted assets:													
Cash and interest-bearing deposits	0	0	0	0	36,080	0	0	0	0	0	0	36,080	
Land	0	0	0	0	0	0	68,047	0	68,047	0	0	68,047	
Buildings and improvements	0	0	0	0	0	0	676,295	0	676,295	0	0	676,295	
Construction in progress	0	0	0	0	0	0	7,305	0	7,305	0	0	7,305	
Furniture, fixtures and equipment	0	0	0	0	0	0	239,554	0	239,554	0	0	239,554	
Automobiles, trucks and tractors	0	0	0	0	0	0	502,890	0	502,890	0	0	502,890	
Utility, property, plant and equipment	0	0	0	0	4,074,845	0	0	0	0	0	0	4,074,845	
Accumulated depreciation	0	0	0	0	(1,668,621)	0	0	0	0	0	0	(1,668,621)	
Amount available in debt service fund	0	0	0	0	0	0	0	0	0	5,670	0	5,670	
Amount to be provided for retirement of general long-term debt	0	0	0	0	0	0	0	0	0	64,330	0	64,330	
TOTAL ASSETS AND OTHER DEBITS	\$243,204	\$133,034	\$5,670	\$98	\$2,715,311	\$6,799	\$1,494,090	\$70,000				\$4,668,205	

The accompanying notes are an integral part of this financial statement .
(CONTINUED)

TOWN OF COTTONPORT, LOUISIANA
COMBINED BALANCE SHEET (CONTINUED)
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2003

	Governmental Fund Types					Account Groups					Totals		
	Special		Debt		Capital	Proprietary		Fiduciary		General		Long-Term	Memorandum
	Revenue	Service	Projects	Fund Type	Enterprise	Fund Type	Agency	Assets	Debt				
General													Only
Accounts payable	\$11,856	\$226	\$0	\$0	\$20,556	\$5,994	\$0	\$0	\$0	\$0	\$0	\$38,632	
Due to other funds	278	0	0	0	0	0	0	0	0	0	0	278	
Other liabilities	0	0	0	0	0	806	0	0	0	0	0	806	
Payable from restricted assets-													
Customers' deposits	0	0	0	0	36,080	0	0	0	0	0	0	36,080	
Certificates of indebtedness	0	0	0	0	0	0	0	0	0	70,000	0	70,000	
Total liabilities	12,135	226	0	0	56,636	6,799	0	0	0	70,000	0	145,796	
Equity and other credits:													
Contributed capital	0	0	0	0	2,194,537	0	0	0	0	0	0	2,194,537	
Investment in general fixed assets	0	0	0	0	0	0	1,494,090	0	0	0	0	1,494,090	
Total equity and other credits	0	0	0	0	2,194,537	0	1,494,090	0	0	0	0	3,688,628	
Retained earnings-													
Unreserved	0	0	0	0	464,138	0	0	0	0	0	0	464,138	
Total retained earnings	0	0	0	0	464,138	0	0	0	0	0	0	464,138	
Fund balances-													
Reserved for debt service	0	0	5,670	0	0	0	0	0	0	0	0	5,670	
Unreserved, undesignated	231,069	132,808	0	98	0	0	0	0	0	0	0	363,975	
Total fund balances	231,069	132,808	5,670	98	0	0	0	0	0	0	0	369,644	
Total equity and other credits	231,069	132,808	5,670	98	2,658,675	0	1,494,090	0	0	0	0	4,522,409	
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$243,204	\$133,034	\$5,670	\$98	\$2,715,311	\$6,799	\$1,494,090	\$70,000	\$0	\$0	\$0	\$4,668,205	

The accompanying notes are an integral part of this financial statement .
(CONCLUDED)

**TOWN OF COTTONPORT, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2003**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Totals Memorandum Only
<u>REVENUES:</u>					
Taxes	\$28,752	\$169,101	\$0	\$0	\$197,853
Franchise fees	89,434	0	0	0	89,434
Licenses and permits	57,132	0	0	0	57,132
Intergovernmental	116,625	16,150	0	0	132,775
Fines and forfeits	18,138	0	0	0	18,138
Miscellaneous	25,041	3,695	184	0	28,919
TOTAL REVENUES	335,121	188,946	184	0	524,251
<u>EXPENDITURES:</u>					
Current -					
General government	199,198	1,647	3	0	200,848
Public safety:					
Police	200,240	0	0	0	200,240
Fire	23,105	19,175	0	0	42,280
City Court	2,024	0	0	0	2,024
Streets and bridges	148,257	0	0	0	148,257
Health and sanitation	5,007	0	0	0	5,007
Capital outlay	51,499	49,300	0	0	100,799
Debt service -					
Principal retirement	0	0	12,000	0	12,000
Interest and fiscal charges	0	0	5,092	0	5,092
TOTAL EXPENDITURES	629,329	70,122	17,095	0	716,546
Excess (deficiency) of revenues over expenditures	(294,209)	118,824	(16,911)	0	(192,295)
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating transfers in	250,000	0	16,426	0	266,426
Operating transfers out	0	(146,426)	0	0	(146,426)
TOTAL OTHER FINANCING SOURCES (USES)	250,000	(146,426)	16,426	0	120,000
Excess (deficiency) of revenues over expenditures and other sources (uses)	(44,209)	(27,602)	(485)	0	(72,295)
FUND BALANCES AT BEGINNING OF YEAR	275,278	160,410	6,155	98	441,940
FUND BALANCES AT END OF YEAR	\$231,069	\$132,808	\$5,670	\$98	\$369,644

The accompanying notes are an integral part of this financial statement.

TOWN OF COTTONPORT, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
CERTAIN GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2003

	General Fund			Special Revenue Funds			Debt Service Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Taxes	\$29,000	\$28,752	\$(248)	\$147,000	\$169,101	\$22,101	0	0	\$0
Franchise fees	85,075	89,434	4,359	0	0	0	0	0	0
Licenses and permits	52,000	57,132	5,132	0	0	0	0	0	0
Intergovernmental	96,551	116,625	20,074	9,000	16,150	7,150	0	0	0
Fines and forfeits	19,500	18,138	(1,363)	0	0	0	0	0	0
Miscellaneous	21,091	25,041	3,950	4,100	3,695	(405)	170	184	14
TOTAL REVENUES	303,217	335,121	31,904	160,100	188,946	28,846	170	184	14
EXPENDITURES:									
General government	210,126	199,198	10,928	1,810	1,647	163	3	3	0
Public safety:									
Police	203,995	200,240	3,755	0	0	0	0	0	0
Fire	26,700	23,105	3,595	12,288	19,175	(6,887)	0	0	0
City court	3,600	2,024	1,576	0	0	0	0	0	0
Streets and bridges	154,950	148,257	6,693	0	0	0	0	0	0
Health and sanitation	4,970	5,007	(37)	0	0	0	0	0	0
Capital outlay	57,000	51,499	5,501	65,750	49,300	16,450	0	0	0
Debt service	0	0	0	0	0	0	17,257	17,092	166
TOTAL EXPENDITURES	661,341	629,329	32,012	79,848	70,122	9,726	17,260	17,095	166
Excess (deficiency) of revenues over expenditures	(358,124)	(294,209)	63,915	80,252	118,824	38,572	(17,090)	(16,911)	179
OTHER FINANCING SOURCES (USES)									
Operating transfers in	250,000	250,000	0	0	0	0	16,426	16,426	0
Operating transfers out	0	0	0	(146,426)	(146,426)	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	250,000	250,000	0	(146,426)	(146,426)	0	16,426	16,426	0
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$(108,124)	(44,209)	\$63,915	\$166,174	(27,602)	\$38,572	\$(684)	(485)	\$179
FUND BALANCES AT BEGINNING OF YEAR		275,278			160,410			6,155	
FUND BALANCES AT END OF YEAR		\$231,069			\$132,808			\$5,670	

The accompanying notes are an integral part of this financial statement.

TOWN OF COTTONPORT, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 YEAR ENDED JUNE 30, 2003

	Enterprise Funds
<u>OPERATING REVENUES:</u>	
Charges for services -	
Water services	\$313,567
Sewer services	104,633
LAWCO water line	<u>104,773</u>
TOTAL OPERATING REVENUES	<u>522,974</u>
<u>OPERATING EXPENSES:</u>	
Water department	242,313
Sewer department	74,362
General and administrative	51,219
Depreciation	<u>95,174</u>
TOTAL OPERATING EXPENSES	<u>463,068</u>
OPERATING INCOME (LOSS)	<u>59,905</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>	
Interest income	<u>4,863</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>4,863</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>64,768</u>
<u>OPERATING TRANSFERS IN (OUT):</u>	
Operating transfers in	0
Operating transfers out	<u>(120,000)</u>
TOTAL OPERATING TRANSFERS	<u>(120,000)</u>
NET INCOME (LOSS)	(55,232)
Add: Depreciation of fixed assets acquired by funds externally <i>restricted for capital acquisitions and construction that</i> reduces contributed capital	79,594
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>439,776</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$464,138</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF COTTONPORT, LOUISIANA
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
YEAR ENDED JUNE 30, 2003

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Operating income (loss)	\$59,905
Adjustment to reconcile net income to net cash provided by operating activities:	
Depreciation	95,174
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	80
(Increase) decrease in other receivables	1,776
Increase (decrease) in accounts payable	4,980
Increase (decrease) in customer deposits	<u>1,190</u>
Net cash provided by/(used) for operating activities	<u>163,105</u>
Cash flows from noncapital financing activities:	
Operating transfers out to other funds	<u>(120,000)</u>
Cash flows from capital and related financing activities:	
Acquisition of property and equipment	(615,779)
Increase in Contributed Capital	<u>605,501</u>
Net cash provided by/(used) for capital and related financing activities	<u>(10,278)</u>
Cash flows from investing activities:	
Interest received from interest bearing deposits	4,863
Net (increase) decrease in restricted cash	<u>(1,190)</u>
Net cash provided by/(used) for investing activities	<u>3,673</u>
Net increase (decrease) in cash and cash equivalents	36,500
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>181,101</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$217,601</u>

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS

**TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003**

INTRODUCTION

The Town of Cottonport (Town) was incorporated on March 28, 1896. On October 21, 1924, under the provisions of the Lawrason Act, the Town began operating under a Mayor-Council form of government.

The accounting and reporting policies of the Town of Cottonport conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

A. The Basis of Presentation.

Accompanying financial statements of the Town of Cottonport, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

B. Financial Reporting Entity.

Government Accounting Standards Board Statement (GASB) 14 established criteria for determining which component units should be considered part of the Town of Cottonport, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and;
 - a. The ability of the Town to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations, to which the Town does not appoint a voting majority, but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship.

Based upon the application of the foregoing criteria, the volunteer fire department as a governmental organization is considered a part of the Town and is thus included in the accompanying financial statements.

C. Fund Accounting.

The Town uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

**TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funds of the municipality are classified into three categories: governmental, proprietary, and fiduciary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follows:

Governmental Funds

Governmental funds are used to account for all or most of the Town's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General Fund-

The general fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds-

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Funds-

Debt service funds are used to account for the accumulation of resources retained and used for the payment of principal, interest, and related costs on those long-term obligations recorded in the general long-term obligations account group.

Capital Projects Funds-

Capital projects funds are used to account for financial resources to be used for acquisition or construction of major capital facilities (other than those financed in the proprietary funds and trust funds).

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

Enterprise Funds-

Enterprise funds are used to account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through users charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town of Cottonport's enterprise fund is the Utility Fund.

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds

Fiduciary funds account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Town. Fiduciary funds include:

Agency Funds-

Agency funds account for assets held by the Town on behalf of others as its agent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. The Town has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings including roads, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives, in years, are as follows:

	<u>Water and Sewer System</u>
Water wells	40
Lines and meters	40
Pumps, motors and compressors	40
Service vehicles and moveable equipment	10
Office furniture and fixtures	5

All fixed assets are stated at historical cost (cash plus trade-in allowances, if applicable). Donated fixed assets, if any, are stated at their estimated fair value on the trade donated.

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental fund and agency funds. Revenues are recognized as revenue in the year for which such taxes are billed and collected. Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, charges for services, franchise fees, and interest on investments. Licenses and permits are recognized when received because they are not objectively measurable. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that principal and interest on general long-term debt is recognized as a expenditure when due.

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. These funds use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

The Town follows the policy of capitalizing interest as a component of the cost of property, plant, and equipment constructed for its own use. For the fiscal year ended June 30, 2003, there were no interest charges capitalized on fixed assets acquired or constructed. Depreciation expense on fixed assets used by proprietary funds for the fiscal year ended June 30, 2003 was \$95,174.

E. Budgets and Budgetary Accounting.

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Town Clerk prepares a proposed budget and submits it to the Mayor and Council not later than fifteen days prior to the beginning of each fiscal year.
2. A notice is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting (Continued).

5. Budgetary amendments involving the transfer of funds from one department, program of function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Town Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Town Council. Such amendments were not material in relation to the original appropriations.

F. Cash and Cash Equivalents.

Cash included amounts in demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal officers in Louisiana.

Under state law, the Town may invest in United States bonds, treasury notes, or certificate. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost, which approximates market.

G. Cash Flow Presentation.

For the purpose of the statement of cash flows, the Enterprise Fund (Water & Sewer System Fund) consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

H. Bad Debts

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. No allowance for uncollectible amounts was made due to the immateriality at June 30, 2003.

I. Due to and Due from Other funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

J. Long-Term Debt

Long-Term obligations of the Town reported in the General Long-Term Debt Account Group consists of a Certificate of Indebtedness, Series 1998, at June 30, 2003.

**TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Accumulated Unpaid Vacation and Other Employee Benefits.

Town employees are entitled to certain compensated absences based upon their length of service.

Vacation and sick leave are accounted for on a fiscal year basis beginning January 1st through December 31st.

Vacation leave is earned at the rate of five days to fifteen days per year depending on the employee's length of service with the Town. Vacation leave earned does not accumulate from year to year and expires on January 31st of the succeeding year in which it was earned.

Sick leave is earned at the rate of five days per year for employees who have reached full-time status and have been employed up to five years. Employees who have been employed greater than five years are granted an additional day for each year of employment over five years. Accumulated sick leave is not payable at the time of separation.

At June 30, 2003, vested leave benefits have not been accrued as required by GASB Statement No. 16 "Accounting for Compensated Absences", due to immateriality.

L. Total Columns on Combined Statements.

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2. CASH AND CASH EQUIVALENTS

At June 30, 2003, the Town had cash and cash equivalents (book balance) totaling \$589,514, as follows:

Demand deposits	\$235,233
Time deposits	<u>354,281</u>
Total	<u>\$589,514</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balance) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2003, the Town had \$598,833 in deposits (collected bank balances) including investments listed in note 3. These deposits (including investments) are secured from risk by \$209,262 of federal deposits insurance and \$389,571 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though pledged securities are considered uncollateralized (Category 3) under the provisions of GASB statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirements on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 3. INVESTMENTS

At June 30, 2003, the Town held investments totaling \$345,281 in 180 day certificates of deposit. These investments are stated at cost, which approximate market, and are secured from risk by federal deposit insurance (see note 2).

NOTE 4. RECEIVABLES

Receivables totaling \$40,868 in the general fund consisted of the following at June 30, 2003:

Due from other governmental agencies	
Video Poker Revenue	\$ 859
Casino Gaming Revenue	16,868
Beer Tax	2,017
DOTD Maintenance fees	<u>2,303</u>
Total	<u>\$ 22,047</u>
Other Receivables	
Franchise Fees	\$ 18,585
Ad Valorem Taxes	200
NSF Check Receivable	<u>36</u>
Total	<u>\$ 18,821</u>

In the enterprise fund unbilled utility receivables were immaterial at June 30, 2003. Billed receivables balances at June 30, 2003 consisted of the following:

	<u>Water and Sewer System</u>
<u>Utility Billings</u>	
Current billings	\$ 50,972
Over 30 days	<u>2,709</u>
	<u>\$ 53,681</u>

NOTE 5. INTERFUND RECEIVABLES, PAYABLES

The following is a summary of interfund receivable and payable balances at June 30, 2003:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 278
Agency Funds	<u>278</u>	<u>-</u>
Totals	<u>\$ 278</u>	<u>\$ 278</u>

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 6. RESTRICTED ASSETS – PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at June 30, 2003:

Customer Meter Deposits	\$36,080
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NOTE 7. CHANGES IN FIXED ASSETS

A summary in changes in general fixed assets as follows:

	Balance <u>7/01/02</u>	Additions	Deletions	Balance <u>6/30/03</u>
Land and Improvements	\$ 68,047	\$ -	\$ -	\$ 68,047
Buildings and Improvements	651,295	25,000	605,501	676,295
Construction in Progress	612,806	-	-	7,305
Furniture, Fixtures, and Equipment	234,867	4,686	-	239,553
Vehicles and Tractors	<u>431,778</u>	<u>71,112</u>	<u>-</u>	<u>502,890</u>
Totals	<u>\$1,998,793</u>	<u>\$ 100,798</u>	<u>\$ 605,501</u>	<u>\$1,494,090</u>

A summary of proprietary fund type property, plant and equipment at June 30, 2003 follows:

Water department:	
Water lines, well and extensions	\$ 1,874,339
Meters and pumps	28,073
Service vehicles	65,421
Office equipment	9,790
Building and fences	37,513
Other equipment	22,903
Sewer department:	
Treatment facility, lines and equipment	<u>2,036,806</u>
	4,074,845
Less: Accumulated depreciation	<u>(1,668,621)</u>
Net Utility Fund Property, Plant and Equipment	<u>\$ 2,406,224</u>

NOTE 8. CHANGES IN LONG-TERM DEBT

One June 15, 1998, the Town of Cottonport issued \$126,000 of Certificates of Indebtedness, Series 1998. These Certificates are due May 1 and November 1 of each year, beginning November 1, 1998 through May 1, 2008 and are secured by excess annual revenues of the Town. The interest rate ranges from 4.65 to 5.10 percent.

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 8. CHANGES IN LONG-TERM DEBT (Continued)

The annual requirements to amortize the certificates of indebtedness outstanding as of June 30, 2003, including interest payments of \$10,892 are as follows:

<u>Year Ending June 30</u>	<u>Certificates of Indebtedness</u>
2004	16,509
2005	15,872
2006	16,223
2007	16,523
2008	15,765
Total	<u>\$ 80,892</u>

NOTE 9 CHANGES IN AGENCY FUND

The following is a summary of changes in assets and liabilities of the Agency Fund for the year ended June 30, 2003:

	<u>Balance 7/1/02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/03</u>
Assets				
Cash	\$5,612	\$ 639,662	\$ 638,753	\$6,521
Due from other funds	278	391,101	391,101	278
Other receivables	<u>182</u>	<u>754</u>	<u>936</u>	<u>-</u>
	<u>\$6,072</u>	<u>\$1,031,517</u>	<u>\$1,030,790</u>	<u>\$6,799</u>
Liabilities				
Payroll taxes payable	\$ 530	\$ 79,993	\$ 74,529	\$5,994
Retirement payable	4,324	18,725	23,049	-
Other liabilities	<u>1,218</u>	<u>52,098</u>	<u>52,510</u>	<u>806</u>
	<u>\$6,072</u>	<u>\$ 150,816</u>	<u>\$ 150,088</u>	<u>\$6,799</u>

NOTE 10. CONTRIBUTED CAPITAL

Amounts contributed to the Enterprise Fund for acquisition or construction of fixed assets is recognized as contributed capital. The sources of contributed capital used to acquire and construct facilities of the Enterprise Fund are as follows:

	<u>Municipality</u>	<u>State Grants</u>	<u>Federal Grants</u>	<u>Total</u>
Contributed capital				
At July 1, 2002	\$ 460,453	\$ 908,327	\$1,569,279	\$2,938,059
Add: Capital contributed	18,250	-	587,251	605,501
Less: Accumulated Amortization	<u>-</u>	<u>-</u>	<u>1,349,023</u>	<u>1,349,023</u>
Contributed Capital				
At June 30, 2003	<u>\$ 478,703</u>	<u>\$ 908,327</u>	<u>\$ 807,507</u>	<u>\$2,194,537</u>

**TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 11. AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Avoyelles Parish. Ad valorem tax revenues are budgeted in the year billed.

For the year ended June 30, 2003, taxes of 5.68 mills were levied on property with assessed valuations totaling \$5,072,170 and were dedicated as follows:

General corporate purposes	5.68 mills
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Total taxes levied were \$28,810. Taxes receivable at June 30, 2003, were \$201.

NOTE 12. DEDICATION OF PROCEEDS AND FLOW OF FUNDS – SALES AND USE TAX LEVY

On October 21, 1995, the voters of the Town of Cottonport approved a one (1%) sales and use tax for a period of twenty-five years from April 1, 1996. The revenues derived from said sales and use tax are to be used for the purpose of constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage disposal works, waterworks, facilities, public streets and drainage facilities.

NOTE 13. WATER PURCHASE CONTRACTS

The Town of Cottonport has various contract agreements in effect for the sales of water with details and terms as follows:

1. Louisiana Water Company (LAWCO) – Contract dated July 1, 1995, requiring the Town of Cottonport to supply water for resale in Mansura, Louisiana for a period of twenty (20) years at a rate of \$1.28 per 1,000 gallons with a minimum of \$500 per month. Effective July 1, 2003 for a nine year period, the rate increases to \$1.32 per 1,000 gallons with a minimum of \$500 per month.
2. Ward 3 Avoyelles Water District – Contract date January 23, 1995, requiring the Town of Cottonport to supply water for resale to Ward 3 of Avoyelles Parish for Twenty (20) years at a rate of \$1.12 per 1,000 gallons with a minimum rate of \$500 per month.
3. Village of Plaquemine – Contract dated February 1, 2002, requiring the Town of Cottonport to supply water for resale to Plaquemine, Louisiana for a term of one (1) year at a rate of \$1.12 per 1,000 gallons per month.
4. Louisiana Correctional Facilities Corporation – Verbal agreement requiring the Town of Cottonport to supply water for resale to the Medium Security Prison in Cottonport at a rate of \$1.12 per 1,000 gallons.

**TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)**

NOTE 14. FRANCHISE AGREEMENTS

The Town of Cottonport has entered into franchise agreements with various public utility companies that provide services within the corporate limits of the Town. A summary of each such agreement follows:

1. Central Louisiana Electric Company, Inc. (CLECO) – effective October 9, 1985, for a period of thirty (30) years. Franchise fee is based on four percent (4%) of the gross receipts from the sale and delivery of electric energy for residential and commercial purposes billed on commercial and residential rates within the Town. Fees payable quarterly within thirty (30) days of the end of the quarter. Other franchise provisions are as follows:
 - A. Franchise payments will be reduced in an amount equal to the sum of any new or increased taxes of any nature whatsoever levied by the municipality and payable to CLECO (except uniform ad valorem taxes, based on property values).
 - B. CLECO will provide free electric services to the Town and reduce street light rates until November 1988. Thereafter, prevailing commercial rates shall apply and street light rates will increase.
2. Classic Communication, Inc. (formerly Galaxy Cablevision) – effective June 8, 1981 for a period of fifteen (15) years. The franchise fee is based on five percent (5%) of gross subscription receipts, less sales taxes, federal excise tax and copyright fees, received by the company within the Town limits. Fees are payable to the Town quarterly, by the 10th of the following month. On May 11, 1994, the Town transferred this franchise agreement for Galaxy Cablevision to Friendship Cable and extended the agreement for an additional thirteen (13) years after expiration of the original franchise.
3. Reliant Energy Entex (formerly Entex) – effective July 12, 1995, for a period of fifteen (15) years. Franchise fee is based on four percent (4%) of the gross receipts from the sale of gas for residential and commercial purposes billed on residential and commercial rates within the limits of the Town. Fees are payable on or before the 10th of each February.
4. CenturyTel (formerly Central Louisiana Telephone Company) - effective January 1, 1994, for a period of twenty-five (25) year. The franchise fee is based on five percent (5%) of the approved tariff rate for local access line telephone service provided by the Company within the corporate limits of the Town and the Company shall provide free to the Town three (3) local access lines. Fees are payable no later than sixty (60) days after the end of each calendar quarter.

NOTE 15. ROAD MAINTENANCE AGREEMENT

On July 1, 1998 the Town of Cottonport entered into a maintenance agreement with the Department of Transportation and Development for one-year period whereby the Town will maintain its municipal streets and roads, including mowing and litter pickup, and the Department of Transportation and Development will reimburse the Town with semi-annual payments totaling \$4,605, which was determined at a rate of \$921 per mile for five miles of undivided streets per year. This contract is renewed on an annual basis.

TOWN OF COTTONPORT, LOUISIANA
NOTES TO FINANCIAL STATEMENTS, (Continued)

NOTE 16. SALES TAX COLLECTION AGREEMENT

On June 5, 1992, the Town of Cottonport entered into an intergovernmental agreement with the Avoyelles Parish School Board for a one year period commencing on July 1, 1992, whereby the School Board will collect the sales and use taxes, including interest, penalties, fees and cost, levied by the Town of Cottonport under the Town's ordinances for a monthly fee of 1.5 percent of the gross tax revenues collected by the School Board. The School Board will remit collections to the Town on a monthly basis no later than the 10th day of each month after reasonable and necessary cost and expenses of collection in administration of the taxes have been deducted, including the collection fee. This contract automatically renewed for an additional consecutive one-year period commencing July 1, 2002.

NOTE 17. PENSION PLANS

Eligible employees of the Town participate in the Municipal Employees' Retirement System, a multiple-employer public employee retirement system which is controlled and administered by a separate board of trustees. Police officers are eligible to participate in the Municipal Police Retirement System, a multiple-employer public employee retirement system. For the current year, however, no one in the police department chose to participate.

Municipal Employee's Retirement System

Plan members are required to contribute 5.00% of their annual covered salary to the system while the Town is required to contribute at the statutory rate of 6.25% of the total annual covered salary. The Town's contributions to the system for the year ended June 30, 2003, was \$10,232 equal to the required contribution for the year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Employee's Retirement System, 7937 Office Park Bldg., Baton Rouge, Louisiana 70809.

NOTE 18. COMPENSATION OF TOWN OFFICIALS

A detail of compensation paid to the Mayor, Council, and Police Chief for the year ended June 30, 2003, follows:

	<u>Compensation</u>	<u>Term Expires</u>
Cleveland Carmouche, Jr, Mayor	6,000	12/31/04
Council Members:		
Curtis Francisco, Mayor Pro-Tem	2,400	12/31/04
Kenneth Friels	2,400	12/31/04
Louie Laborde	2,400	12/31/04
Margaret Prater	2,400	12/31/04
Cynthia Rozas Moreau	2,400	12/31/04
Gerald Mayeux, Police Chief	<u>27,148</u>	12/31/04
Total	<u>\$45,148</u>	

SUPPLEMENTARY INFORMATION

General Fund - To account for resources traditionally associated with governments which are not requires to be accounted for in another fund.

TOWN OF COTTONPORT, LOUISIANA
GENERAL FUND
DETAILED STATEMENT OF REVENUES COMPARED TO BUDGET (GAAP BASIS)
YEAR ENDED JUNE 30, 2003

	Budget	Actual	Variance Favorable (Unfavorable)
<u>TAXES:</u>			
Ad valorem	\$29,000	\$28,752	\$(248)
<u>FRANCHISE FEES:</u>			
Electric	43,500	46,036	2,536
Gas	12,975	12,975	0
Cable TV	16,600	17,698	1,098
Telephone	12,000	12,725	725
TOTAL FRANCHISE FEES	85,075	89,434	4,359
<u>LICENSES AND PERMITS:</u>			
Occupational licenses	50,000	55,054	5,054
Building, liquor and moving permits	2,000	2,078	78
TOTAL LICENSES AND PERMITS	52,000	57,132	5,132
<u>INTERGOVERNMENTAL:</u>			
State of Louisiana:			
Beer taxes	5,200	4,851	(349)
D O T D road maintenance fees	4,605	4,605	0
Video poker revenue	11,500	10,293	(1,207)
Grant revenue	26,412	32,963	6,551
Housing authority in lieu of taxes	5,834	5,834	0
Casino revenue	43,000	58,080	15,080
TOTAL INTERGOVERNMENTAL	96,551	116,625	20,074
<u>FINES AND FORFEITS:</u>			
Fines and court cost	19,500	18,138	(1,363)
<u>MISCELLANEOUS:</u>			
Late charges, copies and impounding fees	80	110	30
Excise tax refund	1,200	1,265	65
Grass cutting	1,000	955	(45)
Rental income- community center	1,500	1,700	200
Miscellaneous income	1,500	9,405	7,905
Veteran's Memorial income	7,905	5,385	(2,520)
Inter-club Christmas revenue	5,306	3,836	(1,470)
Interest income	2,600	2,385	(215)
TOTAL MISCELLANEOUS	21,091	25,041	3,950
TOTAL REVENUES	\$303,217	\$335,121	\$31,904

TOWN OF COTTONPORT, LOUISIANA
GENERAL FUND
DETAILED STATEMENT OF FUNCTIONAL EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>GENERAL GOVERNMENT</u>			
Salaries	\$69,000	\$67,727	\$1,273
Payroll taxes	5,700	5,281	419
Employee benefits	14,000	13,422	578
Legal and auditing	8,500	6,848	1,653
Insurance	9,600	9,494	106
Assessor fees	900	891	9
Miscellaneous expense	5,000	4,939	61
Museum expense	5,000	1,805	3,195
Engineering fees	500	0	500
Office supplies and postage	9,000	8,651	349
Publications and printing	2,600	2,088	512
Dues and subscriptions	1,600	1,365	235
Town hall expense	8,000	8,857	(857)
Telephone expense	5,200	5,042	158
Utilities	6,000	5,551	449
Property rent	500	500	0
Community center expenses	3,000	2,844	156
Travel	10,000	9,463	537
Veteran's Memorial expense	21,800	21,701	99
Bank service charges	100	408	(308)
Park expenses	6,560	5,069	1,491
Xerox copier rental payments	1,850	1,661	189
Christmas decorations expense	4,721	4,721	0
Christmas fireworks expense	3,000	3,010	(10)
Christmas festival misc expense	2,500	2,766	(266)
Inter-club Christmas expense	5,095	5,095	0
Uniforms	400	0	400
TOTAL GENERAL GOVERNMENT	210,126	199,198	10,928
<u>PUBLIC SAFETY:</u>			
<u>POLICE</u>			
Salaries	98,000	97,359	641
Salaries - police chief	28,000	27,148	852
Payroll taxes	11,000	10,941	59
Employee benefits	22,620	20,156	2,464
Patrol car expenses	17,000	19,505	(2,505)
Uniforms	1,000	339	661
Insurance	18,100	17,871	229
Material and supplies	5,500	5,462	38
Telephone expense	575	784	(209)
Miscellaneous expense	2,200	675	1,525
TOTAL POLICE	203,995	200,240	3,755

(CONTINUED)

TOWN ON COTTONPORT, LOUISIANA
GENERAL FUND
DETAILED STATEMENT OF FUNCTIONAL EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
(CONTINUED)
YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>PUBLIC SAFETY (CONTINUED)</u>			
FIRE			
Salaries	\$3,900	\$3,900	\$0
Payroll taxes	320	306	14
Employee benefits	180	244	(64)
Engineering fees	1000	0	1,000
Truck expense	3,500	3,712	(212)
Materials and supplies	1,500	94	1,406
Insurance	11,500	9,691	1,809
Telephone expense	800	814	(14)
Miscellaneous expense	500	450	50
Appropriations - VFD	0	0	0
Utilities - CVFD	3,500	3,895	(395)
TOTAL FIRE	26,700	23,105	3,595
CITY COURT			
Magistrate fees	1,200	1,202	(2)
Prisoner rations	2,000	822	1,178
Miscellaneous	400	0	400
TOTAL CITY COURT	3,600	2,024	1,576
<u>STREETS AND BRIDGES</u>			
Salaries	52,000	50,660	1,340
Payroll taxes	4,100	3,977	123
Employee benefits	5,000	4,699	301
Truck/backhoe expense	7,500	6,184	1,316
Tractor expense	3,800	4,017	(217)
Materials and supplies	12,000	9,754	2,246
Repairs and maintenance	2,400	2,388	13
Engineering fees	0	0	0
Vapor lights	24,000	22,949	1,051
Fountain expense	2,000	1,631	369
Animal control expense	1,000	550	450
Miscellaneous expense	26,500	29,052	(2,552)
Uniforms	650	594	56
Insurance	14,000	11,802	2,198
TOTAL STREETS AND BRIDGES	154,950	148,257	6,693
<u>HEALTH AND SANITATION</u>			
Pest control	620	617	3
Solid waste disposal	4,350	4,390	(40)
TOTAL HEALTH AND SANITATION	4,970	5,007	37

(CONTINUED)

TOWN ON COTTONPORT, LOUISIANA
GENERAL FUND
DETAILED STATEMENT OF FUNCTIONAL EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
(CONTINUED)
YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
<u>CAPITAL OUTLAY</u>			
General government	26,000	27,069	(1,069)
Police	25,000	24,330	670
Fire	1,000	0	1,000
Streets and bridges	<u>5,000</u>	<u>100</u>	<u>4,900</u>
TOTAL CAPITAL OUTLAY	<u>57,000</u>	<u>51,499</u>	<u>5,501</u>
 TOTAL EXPENDITURES	 <u><u>\$661,341</u></u>	 <u><u>\$629,329</u></u>	 <u><u>\$32,012</u></u>

(CONCLUDED)

SPECIAL REVENUE FUNDS

Sales Tax Fund – To account for the receipt and use of proceeds of the Town's 1% sales and use tax. These taxes are dedicated for the constructing, acquiring, extending, improving, operating and maintaining the following:

- A. Sewers and Sewerage Disposal Facilities
- B. Waterworks Facilities
- C. Public Streets
- D. Drainage Facilities

Volunteer Fire Department Fund – To account for the receipt and use of proceeds of an ad valorem tax. These taxes are dedicated for the purchase of equipment or supplies, salaries of firemen, repair of equipment training aides, fire station building and/or maintenance, and/or any other fire protection related expenses with in the sub-district, pursuant to Article 8 of the Avoyelles Fire Protection District #2 for the Cottonport Volunteer Fire Department.

TOWN OF COTTONPORT, LOUISIANA
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2003

	Sales Tax Fund	Volunteer Fire Department Fund	Totals Memorandum Only
<u>ASSETS</u>			
Cash and interest-bearing deposits	\$96,310	\$25,186	\$121,497
Receivables:			
Sales taxes	11,309	0	11,309
Accrued interest	<u>228</u>	<u>0</u>	<u>228</u>
Total assets	<u>\$107,847</u>	<u>\$25,186</u>	<u>133,034</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	<u>\$226</u>	<u>\$0</u>	<u>\$226</u>
Total liabilities	226	0	226
Fund balances:			
Unreserved, undesignated	<u>107,621</u>	<u>25,186</u>	<u>132,808</u>
Total liabilities and fund balances	<u>\$107,847</u>	<u>\$25,186</u>	<u>\$133,034</u>

TOWN OF COTTONPORT, LOUISIANA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 2003

	Sales Tax Fund				Volunteer Fire Department Fund				Totals	
	Budget	Actual	Variance (Unfavorable)	Budget	Actual	Variance (Unfavorable)	Budget	Actual	Variance (Unfavorable)	
REVENUES										
Taxes	\$100,000	\$119,949	\$19,949	\$47,000	\$49,152	\$2,152	\$147,000	\$169,101	\$22,101	
Intergovernmental	0	0	0	9,000	16,150	7,150	9,000	16,150	7,150	
Miscellaneous	2,600	2,465	(135)	1,500	1,230	(270)	4,100	3,695	(405)	
TOTAL REVENUES	102,600	122,413	19,813	57,500	66,532	9,032	160,100	188,946	28,846	
EXPENDITURES										
General government:										
Collection fee	1,800	1,642	158	0	0	0	1,800	1,642	158	
Miscellaneous	10	5	5	0	0	0	10	5	5	
Total general government	1,810	1,647	163	0	0	0	1,810	1,647	163	
Public safety - fire:										
Maintenance and materials	0	0	0	12,288	18,423	(6,135)	12,288	18,423	(6,135)	
Miscellaneous	0	0	0	0	752	(752)	0	752	(752)	
Total public safety- fire	0	0	0	12,288	19,175	(6,887)	12,288	19,175	(6,887)	
Capital outlay	0	0	0	65,750	49,300	16,450	65,750	49,300	16,450	
TOTAL EXPENDITURES	1,810	1,647	163	78,038	68,475	9,563	79,848	70,122	9,726	
Excess (deficiency) of revenues over expenditures	100,790	120,766	19,976	(20,538)	(1,943)	18,595	80,252	118,824	38,572	
OTHER FINANCING SOURCES (USES)										
Operating transfers out	(130,000)	(130,000)	0	(16,426)	(16,426)	0	(146,426)	(146,426)	0	
TOTAL OTHER FINANCING SOURCES (USES)	(130,000)	(130,000)	0	(16,426)	(16,426)	0	(146,426)	(146,426)	0	
Excess (deficiency) of revenues over expenditures and other sources (uses)	\$(28,210)	(9,234)	\$19,976	\$(36,964)	(18,369)	\$18,595	\$(66,174)	(27,603)	\$38,572	
FUND BALANCES AT BEGINNING OF YEAR										
		116,854			43,555				160,410	
FUND BALANCES AT END OF YEAR		\$107,620			\$25,186				\$132,806	

ENTERPRISE FUND

UTILITY FUND- To account for the provision of water and sewerage services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

TOWN OF COTTONPORT, LOUISIANA
 PROPRIETARY FUND TYPE
 ENTERPRISE FUND
 STATEMENT OF OPERATING EXPENSES BY DEPARTMENT
 BUDGET (GAAP BASIS) AND ACTUAL
 YEAR ENDED JUNE 30, 2003

	Budget	Actual	Variance - Favorable (Unfavorable)
<u>WATER DEPARTMENT:</u>			
Salaries	\$20,000	\$16,430	\$3,570
Payroll taxes and employee benefits	4,800	2,969	1,831
Materials and supplies	13,000	4,938	8,062
Chemicals	23,000	23,186	(186)
Truck and backhoe expenses	9,000	5,114	3,886
Repairs and maintenance	47,000	62,278	(15,278)
Utilities and telephone	107,600	105,366	2,234
Insurance	16,000	16,336	(336)
Uniforms	400	293	107
Depreciation	41,000	51,313	(10,313)
Bad debts	100	0	100
Engineering fees	5,000	3,503	1,498
Miscellaneous	3,000	1,902	1,098
TOTAL WATER DEPARTMENT	\$289,700	\$293,626	\$(3,926)
<u>SEWER DEPARTMENT:</u>			
Salaries	\$18,000	\$16,721	\$1,279
Payroll taxes and employee benefits	10,800	7,183	3,617
Materials and supplies	8,000	5,914	2,086
Chemicals	10,000	7,121	2,879
Truck and backhoe expenses	4,000	4,316	(316)
Repairs and maintenance	3,000	7,806	(4,806)
Utilities	18,000	14,626	3,374
Insurance	5,500	4,246	1,254
Uniforms	600	141	459
Depreciation	45,000	43,861	1,139
Bad debts	75	0	75
Engineering fees	5,000	850	4,150
Miscellaneous	6,000	5,436	564
TOTAL SEWER DEPARTMENT	\$133,975	\$118,223	\$15,752
<u>GENERAL AND ADMINISTRATIVE:</u>			
Salaries	\$33,000	\$32,595	\$405
Payroll taxes and employee benefits	9,900	9,383	517
Professional fees	5,000	4,148	853
Office supplies and postage	5,800	5,028	772
Miscellaneous	190	67	123
TOTAL GENERAL AND ADMINISTRATIVE	\$53,890	\$51,219	\$2,671

APPENDIX A

TOWN OF COTTONPORT, LOUISIANA
Schedule of Audit Results, Findings, and Questioned Costs
For the Year Ended June 30, 2003

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	<u> x </u> no
Reportable condition(s) identified not		
Considered to be material weakness(es)	_____ yes	<u> x </u> no
Noncompliance material to financial statements noted?	_____ yes	<u> x </u> no

Federal Awards

Not applicable for the fiscal year ended June 30 2003.

Section II-Financial Statement Findings

There are no findings applicable to internal control and no findings relative to compliance.

Section III – Federal Award Findings and Questioned Costs

Not applicable for the fiscal year ended June 30, 2003.

Section IV – Summary of Current Year Audit Findings

Internal Control and Compliance Material to the Financial Statements

None

Internal Control and Compliance Material to Federal Awards

None

Management Letter Comments

ML 03-01 Finding/Comment

The town typically purchases many small items each year that would normally be considered capital expenditures or fixed asset purchases. Some of these items are replaced in less than two years and it becomes burdensome to track them on fixed asset listings and subsequently remove them when they are replaced.

Recommendation

A dollar threshold should be established to expense all items below a certain amount. By setting a dollar limit on capitalizing fixed assets, the town can minimize the recordkeeping expense of tracking these small items. A minimum of \$500 could be established that would eliminate the necessity to capitalize purchases of small pumps, small tools, etc.

Management's response

The town will look into implementing this recommendation and establish a policy for expensing small fixed asset purchases.

TOWN OF COTTONPORT, LOUISIANA
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2003

<u>Ref No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/ Partial Corrective Action Taken</u>
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Section I – Internal Control and Compliance Material to the Financial Statements

None reported in prior year.

Section II – Internal Control and Compliance Material to Federal Awards

None reported in prior year.

Section III – Management Letter

No management letter issued in prior year.

TOWN OF COTTONPORT, LOUISIANA
Corrective Action Plan for Current Year Audit Findings
For the Year Ended June 30, 2003

<u>Ref No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
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Section I – Internal Control and Compliance Material to the Financial Statements

None

Section II – Internal Control and Compliance Material to Federal Awards

None

Section III – Management Letter Comments

03-01	Establish a dollar threshold for capital asset purchases.	The town is currently looking into establishing such a policy for minor asset purchases.	Mayor Carmouche	June 2004
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07/03/14 AM 9:55

Management Letter

The Honorable Cleveland Carmouche, Mayor
And the Members of the Council
Town of Cottonport, Louisiana

In planning and performing the audit of the general purpose financial statements of the Town of Cottonport for the year ended June 30, 2003 we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure. As noted in the financial report dated September 25, 2003, as a result of the audit work performed we noted no matters involving the internal control structure and its operation that we consider to be material weaknesses and/or reportable conditions.

We do wish however, to communicate to you the following recommendations or comments which constitute immaterial instances involving the internal control structure or of noncompliance with laws and regulations as explained herein:

Finding 03-01

Establishing a dollar threshold for capitalizing asset purchases.

A capital asset is generally defined as any physical resource that benefits a program for more than one year. The town purchases numerous small items each year, such as pumps, weed eaters, small tools, etc. These items, when purchased, are expected to last more than one year. In many cases, however, these assets seldom last longer than two years. Additional recordkeeping is required when these purchases are classified as capital expenditures and recorded as fixed assets. The subsequent disposition and replacement of these purchases would again have to be recorded the following year when replaced within a two year period.

Recommendation

This extra recordkeeping burden could be substantially reduced by setting a dollar threshold for capitalizing asset purchases. If assets under \$500, for example, are expensed rather than capitalized, you eliminate the need to track them on the fixed asset schedules. Setting such a threshold is strongly recommended. This will help reduce unnecessary recordkeeping on items that are immaterial to the overall financial statements.

The Honorable Cleveland Carmouche, Mayor
Management Letter
September 25, 2003
Page 2

Management's Response

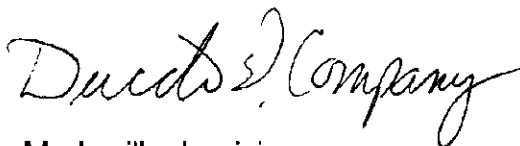
The Mayor and Clerk have agreed to consider implementing this recommendation and make the necessary changes to the capitalization policy, after approval by the members of the Town Council, before the end of the current fiscal year.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the conditions described above is believed to be a material weakness.

This report is intended solely for the information and use of Town of Cottonport, Louisiana's, management, and others within the administration. However, this report is a matter of public record and its distribution is not limited.

Ducote & Company, CPA's

A handwritten signature in cursive script that reads "Ducote & Company".

Marksville, Louisiana
September 25, 2003